GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:635
ANSWERED ON:21.02.2003
FOREIGN EXCHANGE RESERVE
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Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a): the total foreign exchange reserve of the country as on date including gold and Special Drawing Rights;

(b): the amount of foreign exchange reserve considered safe for forex needs;

(c) the country-wise foreign exchange available in the foreign exchange reserve of the country;

(d) the areas of exports which are contributing foreign exchange reserve;

(e) the details of the profit and loss to exchequer of the country due to fluctuations of foreign exchange reserve during the last three years;

(f) the outstanding foreign loans liability as on December 31, 2002; and

(g) the foreign loans proposed to be repaid during 2003-2004.

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) The total foreign exchange reserves of the country as on February 7, 2003 were placed at US $ 74.667 billion.The break ups of the foreign exchange reserves into foreign currency assets, gold and Special Drawing Rights (SDRs) is set out in the Table given below:-

Table (in US $ billion)

Foreign currency assets (FCA)	70.972
Gold	3.688
Special Drawing Rights (SDRs)	0.007
Total Reserves	74.667

(b) The policy for reserve management is judiciously built upon a host of identifiable factors and other contingencies. Such factors, inter-alia, include: the size of the current account deficit; the size of short-term liabilities (including current repayment obligations on long-term loans); the possible variability in portfolio investment and other types of capital flows; the unanticipated pressures on the balance of payments arising out of external shocks; and movements in the repatriable foreign currency deposits of Non-resident Indians. Taking these factors into account, India`s foreign exchange reserves are at present comfortable and consistent with the rate of growth, the share of external sector in the economy and the size of the risk adjusted capital flows.

(c) The break up of the India`s foreign exchange reserves into currencies in SDR basket stood at 99.89 percentand currencies not in SDR baskets at 0.11 percent as at the end of June 2002.

(d) In the recent years export of services has contributed in accumulation of foreign exchange reserves.

(e) There is no profit and loss to the exchequer of the country due to fluctuation of foreign exchange reserves.

(f) India`s external debt outstanding as at end-June 2002 (latest period for which data is available) was US $ 101.3 billion.

(g) The projected debt service payments (principal plus interest) during the year 2003-2004 is US $ 12.5 billion, which includes redemption of Resurgent India Bonds.